

STATE OF LOUISIANA LEGISLATIVE AUDITOR

University of Louisiana at Lafayette
State of Louisiana
Lafayette, Louisiana

December 20, 2000



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Lafayette, Louisiana

General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 2000
With Supplemental Information Schedule

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

December 20, 2000

**UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA**

General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 2000
With Supplemental Information Schedule

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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
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November 30, 2000

Independent Auditor's Report
on the Financial Statements

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Lafayette, Louisiana

We have audited the accompanying general purpose financial statements of the University of Louisiana at Lafayette, a component unit of the State of Louisiana, as of and for the year ended June 30, 2000, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of management of the University of Louisiana at Lafayette. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the University of Louisiana at Lafayette at June 30, 2000; the changes in fund balances; and the current funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2000, on our consideration of the University of Louisiana at Lafayette's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

LEGISLATIVE AUDITOR

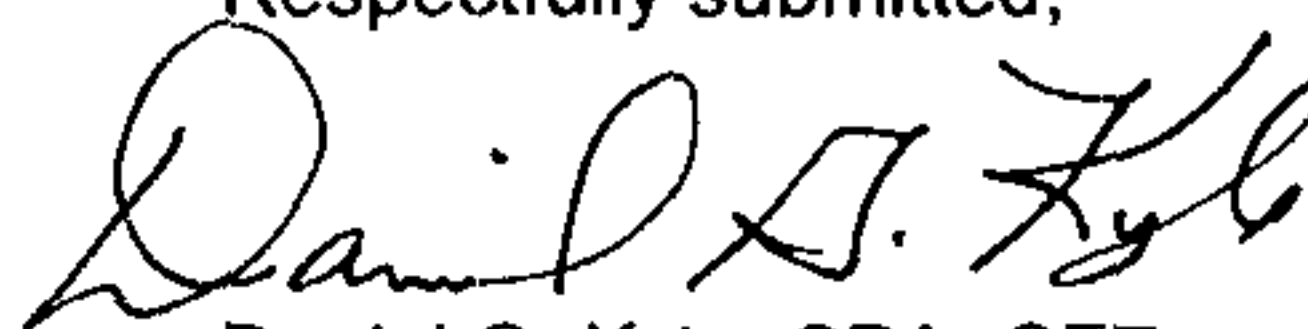
UNIVERSITY OF LOUISIANA AT LAFAYETTE

STATE OF LOUISIANA

Audit Report, June 30, 2000

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the University of Louisiana at Lafayette. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

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**UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
ALL FUNDS**

Balance Sheet, June 30, 2000

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
ASSETS				
Cash and cash equivalents (note 2)	\$201,763	\$1,713,728	\$2,670,738	\$1,780,466
Investments (note 3)			13,401,950	
Accounts receivable	1,421,471	1,897,296	3,505,207	
Notes receivable (note 4)		171,285		9,121,548
Due from other funds	1,191,000		4,723,382	36,662
Deferred charges and prepaid expenses	815,763	467,699	896	
Inventories	107,025	1,273,538		
Institutional plant (note 16)				
TOTAL ASSETS	\$3,737,022	\$5,523,546	\$24,302,173	\$10,938,676
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$786,585	\$150,421	\$244,124	
Accrued liabilities	743,920			
Compensated absences payable (note 9)	4,707,943	549,055	791,339	
Due to other funds		1,251,963		
Deferred revenues	2,054,521	408,125	40,809	
Deposits held for others	44,971	287,660		
Total Liabilities	8,337,940	2,647,224	1,076,272	NONE
Fund Equity:				
Net investment in plant (note 16)				
Fund balances (deficit):				
Reserved for inventories	107,025			
Current operations:				
Unrestricted	(4,707,943)	2,876,322		
Restricted			23,225,901	
Noncurrent operations:				
Restricted (notes 14 and 16)				\$10,938,676
Endowment (note 15)				
Quasi-endowment (note 15)				
Total Fund Equity	(4,600,918)	2,876,322	23,225,901	10,938,676
TOTAL LIABILITIES AND FUND EQUITY	\$3,737,022	\$5,523,546	\$24,302,173	\$10,938,676

The accompanying notes are an integral part of this statement.

Statement A

ENDOWMENT FUNDS	PLANT FUNDS		AGENCY FUNDS	TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	INVESTMENT IN PLANT		
\$1,119,310	\$179,251		\$2,653,760	\$10,319,016
13,860,428	4,120,970			31,383,348
			536,198	7,360,172
				9,292,833
				5,951,044
				1,284,358
				1,380,563
		\$206,260,599		206,260,599
<u>\$14,979,738</u>	<u>\$4,300,221</u>	<u>\$206,260,599</u>	<u>\$3,189,958</u>	<u>\$273,231,933</u>
			\$22,355	\$1,203,485
				743,920
				6,048,337
\$1,438,180	\$1,234,836		2,026,065	5,951,044
				2,503,455
			1,141,538	1,474,169
<u>1,438,180</u>	<u>1,234,836</u>	<u>NONE</u>	<u>3,189,958</u>	<u>17,924,410</u>
		\$206,260,599		206,260,599
				107,025
				(1,831,621)
				23,225,901
	3,065,385			14,004,061
7,662,029				7,662,029
5,879,529				5,879,529
<u>13,541,558</u>	<u>3,065,385</u>	<u>206,260,599</u>	<u>NONE</u>	<u>255,307,523</u>
<u>\$14,979,738</u>	<u>\$4,300,221</u>	<u>\$206,260,599</u>	<u>\$3,189,958</u>	<u>\$273,231,933</u>

**UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
ALL FUNDS**

**Statement of Changes in Fund Balances
For the Year Ended June 30, 2000**

	CURRENT FUNDS			STUDENT LOAN FUNDS
	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED	
Revenues and other additions:				
Unrestricted current fund revenues	\$77,135,413	\$16,660,506		
Tuition and fees - restricted			\$6,088,976	\$15,186
State appropriations - restricted (note 19)			3,087,436	
Governmental grants and contracts:				
Federal			21,429,203	229,589
State			3,201,730	
Private gifts, grants, and contracts			10,982,964	
Sales and service - educational departments			472,579	
Investment income - restricted			753,033	59,832
State funded endowments				
Endowment income			458,008	
Interest on loans receivable				157,511
Additions to plant facilities				
Other sources			6,456,790	139,822
Total revenues and other additions	<u>77,135,413</u>	<u>16,660,506</u>	<u>52,930,719</u>	<u>601,940</u>
Expenditures and other deductions:				
Educational and general	75,278,319		49,109,395	
Auxiliary enterprises		18,677,923		
Expended for plant facilities				
Loan cancellations and write-offs				190,167
Disposal of plant facilities				
Interagency transfers (note 20)				
Other				134,061
Total expenditures and other deductions	<u>75,278,319</u>	<u>18,677,923</u>	<u>49,109,395</u>	<u>324,228</u>
Transfers among funds - additions (deductions):				
Mandatory - loan fund matching	(76,530)			76,530
Nonmandatory:				
Capital improvements		(1,998,223)	(741,207)	
Other	(2,045,000)	2,025,000	20,000	
Total transfers among funds	<u>(2,121,530)</u>	<u>26,777</u>	<u>(721,207)</u>	<u>76,530</u>
Inventory decrease	<u>(1,859)</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Net increase (decrease) for the year	(266,295)	(1,990,640)	3,100,117	354,242
Fund balances (deficit) at beginning of year, restated (note 12)	<u>(4,334,623)</u>	<u>4,866,962</u>	<u>20,125,784</u>	<u>10,584,434</u>
Fund balances (deficit) at end of year (note 13)	<u><u>(\$4,600,918)</u></u>	<u><u>\$2,876,322</u></u>	<u><u>\$23,225,901</u></u>	<u><u>\$10,938,676</u></u>

The accompanying notes are an integral part of this statement.

Statement B

ENDOWMENT FUNDS	PLANT FUNDS		TOTAL (MEMORANDUM ONLY)
	UNEXPENDED	INVESTMENT IN PLANT	
			\$93,795,919
	\$376,252		6,480,414
			3,087,436
			21,658,792
			3,201,730
			10,982,964
			472,579
	166,573		979,438
\$920,000			920,000
142,341			600,349
			157,511
		\$10,673,123	10,673,123
	111,300		6,707,912
1,062,341	654,125	10,673,123	159,718,167
			124,387,714
			18,677,923
	201,588		201,588
			190,167
		2,241,057	2,241,057
	3,921,663		3,921,663
			134,061
NONE	4,123,251	2,241,057	149,754,173
	2,739,430		
NONE	2,739,430	NONE	NONE
NONE	NONE	NONE	(1,859)
1,062,341	(729,696)	8,432,066	9,962,135
12,479,217	3,795,081	197,828,533	245,345,388
\$13,541,558	\$3,065,385	\$206,260,599	\$255,307,523

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
CURRENT FUNDS

Statement of Revenues, Expenditures,
and Other Changes
For the Year Ended June 30, 2000

	GENERAL	AUXILIARY ENTERPRISES	RESTRICTED
Revenues:			
Tuition and fees	\$28,220,025	\$954,810	\$6,088,976
State appropriations	46,786,897		3,087,436
Federal grants and contracts			21,319,154
State grants and contracts			2,600,555
Private gifts, grants, and contracts		856,983	10,383,898
Sales and services of education departments	118,650		472,579
Investment income	110,366	132,560	753,033
Endowment income			137,692
Auxiliary enterprise revenues		12,361,241	
Other sources	1,899,475	2,354,912	4,987,279
Total revenues	<u>77,135,413</u>	<u>16,660,506</u>	<u>49,830,602</u>
Expenditures and transfers:			
Educational and general:			
Instruction	34,531,783		1,442,160
Research	8,874,212		25,595,140
Public service			1,887,880
Academic support	8,768,605		1,347,088
Student services	2,990,128		6,357,938
Institutional support	8,334,469		1,695,096
Operations and maintenance of plant	8,795,407		
Scholarships and fellowships	2,817,849		10,736,982
Other	165,866		47,111
Total educational and general expenditures	<u>75,278,319</u>	<u>NONE</u>	<u>49,109,395</u>
Mandatory transfer for loan fund matching	76,530		
Nonmandatory transfers:			
Capital improvements			741,207
Other	2,045,000		(20,000)
Total educational and general and transfers	<u>77,399,849</u>	<u>NONE</u>	<u>49,830,602</u>
Auxiliary enterprises:			
Expenditures		18,677,923	
Nonmandatory transfers:			
Capital improvements		1,998,223	
Other		(2,025,000)	
Total auxiliary enterprises	<u>NONE</u>	<u>18,651,146</u>	<u>NONE</u>
Total expenditures and transfers	<u>77,399,849</u>	<u>18,651,146</u>	<u>49,830,602</u>
Other additions:			
Excess of restricted receipts over transfers to revenues			3,100,117
Inventory decrease	(1,859)		
Net increase (decrease) in fund balances	<u>(\$266,295)</u>	<u>(\$1,990,640)</u>	<u>\$3,100,117</u>

The accompanying notes are an integral part of this statement.

**UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended June 30, 2000

INTRODUCTION

The University of Louisiana at Lafayette is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana, within the executive branch of government. The university is under the management and supervision of the University of Louisiana System Board of Supervisors; however, the annual budget of the university and changes to the degree programs, departments of instruction, et cetera, require the approval of the Board of Regents for Higher Education. As a state university, operations of the university's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

The University of Louisiana at Lafayette had approximately 15,083 students enrolled during the 2000 spring semester and employs approximately 1,600 employees. The academic functions of the university are organized into nine undergraduate units (Applied Life Sciences; The Arts; Liberal Arts; Biological, Mathematical, and Physical Sciences; Business Administration; Education; Engineering; General Studies; and Nursing), the Graduate School, University College, and the necessary support areas. The undergraduate units offer a wide range of degree programs within their disciplines. There are 29 authorized degrees at the master's level and the university also offers the Educational Specialist degree in several fields and offers the Doctor of Philosophy degree in the fields of environmental and evolutionary biology, computer science, computer engineering, English, Francophone studies, mathematics, or statistics.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) considers both the American Institute of Certified Public Accountants (AICPA) College Guide model and the governmental model to be acceptable for accounting and financial reporting by governmental colleges and universities. The accompanying financial statements have been prepared in accordance with the AICPA College Guide model principles.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The university is considered a component unit of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the majority of the members of the governing boards are

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

appointed by the governor; (2) the state has control and exercises authority over budget matters; (3) state appropriations provide the largest percentage of total revenues; (4) the state issues bonds to finance certain construction; and (5) the university primarily serves state residents. The accompanying financial statements present information only as to the transactions of the programs of the University of Louisiana at Lafayette, a component unit of the State of Louisiana.

Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

C. FUND ACCOUNTING

To observe the limitations and restrictions placed on the use of available resources, the accounts of the university are maintained in accordance with the principles of fund accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with specified activities or objectives. Accounts are separately maintained for each fund; however, in the accompanying financial statements, funds having similar characteristics have been combined into fund groups. Accordingly, all financial statements have been reported by fund groups. A brief description of each fund group follows:

Current Funds

Current funds are operating funds that will be expended in the near term. Such funds have two basic subgroups, unrestricted and restricted.

Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control provisions included in the annual legislative appropriation act, and include the General Fund and auxiliary enterprise funds. Restricted current funds represent those operating funds on which restrictions have been imposed that limit the purposes for which such funds can be used and include gifts, grants, or contracts from governmental or private agencies.

Student Loan Funds

The student loan funds group accounts for resources available for loans to students.

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

Endowment Funds

Endowment funds are funds with respect to which donors or other outside agencies have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income that may either be expended or added to principal.

Plant Funds

The plant funds group contains two self-balancing subgroups. Unexpended plant funds are used for the acquisition of long-lived assets for institutional purposes. Investment in plant includes all long-lived assets of the university. Certain plant assets are provided directly by the state and are funded by general obligation bonds of the state. While the plant assets are included in the financial statements, the general obligation bonds are not since they are funded by the state treasurer.

Agency Funds

Agency funds are deposits in which the university acts as custodian or fiscal agent on behalf of others, such as student or faculty organizations and work-shops.

D. BASIS OF ACCOUNTING

The financial statements of the university have been prepared on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) summer school tuition and fees and faculty salaries and related benefits for June are not prorated but are deferred to the succeeding year; and (3) inventories of the General Fund are recorded as expenditures at the time of purchase.

The statement of current funds revenues, expenditures, and other changes is a statement of financial activities of current funds relating to the current reporting period. It does not purport to present the results of operations (net income or loss) for the period, as would a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures in the case of normal acquisitions, repairs, and renovations; mandatory transfers in the case of required provisions for debt amortization and interest; and as transfers of a nonmandatory nature for all other cases.

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

E. BUDGET PRACTICES

The appropriation made for the General Fund of the university is an annual lapsing appropriation established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statute requires that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive branches of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; and (4) inventories in the General Fund are recorded as expenditures at the time of purchase.

The General Fund budgeted amounts do not include the restricted state appropriations totaling \$3,087,436, which are reported in the restricted fund. The budgeted amounts include the original approved budget and subsequent amendments approved as follows:

Original approved budget	\$78,658,078
Amendments:	
Increases in state General Fund	1,929,139
Increases in statutory dedications	1,346,945
Reported in other funds	<u>(3,087,436)</u>
Total budgeted amounts	<u><u>\$78,846,726</u></u>

The other funds of the university, although subject to internal budgeting, are not required to submit budgets for approval through the legislative budget process.

**F. CASH AND CASH EQUIVALENTS
AND INVESTMENTS**

Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include certificates of deposit and all highly liquid investments with a maturity of three months or less when purchased. Under state law, the university may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States.

In accordance with Louisiana Revised Statute (R.S.) 49:327(C)(3), the university is authorized to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, and certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana. Investments at June 30, 2000, consist of U.S. government obligations that have a remaining maturity at the time of purchase of one year or less and are reported at amortized cost.

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

G. INVENTORIES

Inventories are valued at cost, which approximates market. The university uses a periodic inventory system and values its inventory using the first-in, first-out valuation method. Inventories in the General Fund are recorded as expenditures at the time of purchase. Year-end balances are offset by a fund balance reserve that indicates this portion of the fund balance does not constitute available spendable resources. The inventories of the auxiliary enterprise funds are expensed when sold or used.

H. DEFERRED REVENUES

Tuition and fees and book sales collected at June 30, 2000, but applicable to the 2000 summer session, are reported as deferred revenues. Expenses relating to this session are reported in the period the tuition and fees are recognized as revenues. In addition, athletic ticket sales collected at June 30, 2000, but applicable to the 2000-2001 football season, are reported as deferred revenues.

I. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve fund balances, is employed by the university during the year. However, at June 30, 2000, all outstanding encumbrances are canceled and are reissued during the subsequent fiscal year.

J. PLANT ASSETS

Physical plant and equipment are stated at cost at the date of acquisition, estimated cost if actual cost is not known, fair market value at date of donation in the case of gifts, or market value for livestock. Public domain or infrastructures are not capitalized. Construction in progress is capitalized during construction based on the percent of completion. No depreciation has been provided on plant assets.

K. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during holiday periods when students are not in classes. Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and non-classified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Unused annual leave in excess of 300 hours plus unused, unpaid sick leave are used to compute retirement benefits.

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

L. TOTAL COLUMNS ON STATEMENTS

Total columns on the statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations. Neither is such data comparable to a consolidation.

2. CASH AND CASH EQUIVALENTS

At June 30, 2000, the university has cash and cash equivalents (book balances) of \$10,319,016 as follows:

Petty cash	\$284,529
Demand deposits	68,066
Interest-bearing demand deposits	5,956,329
Certificates of deposit	2,951,191
Short-term U.S. government agency obligations	<u>1,058,901</u>
Total	<u><u>\$10,319,016</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2000, the university has \$11,858,533 in deposits (collected bank balances). These deposits are secured from risk by \$579,777 of federal deposit insurance (GASB Category 1) and \$11,278,756 of pledged securities held by the custodial bank for the account of the university (GASB Category 1), which are held under Collateral Security Agreements.

3. INVESTMENTS

At June 30, 2000, the university has investments with carrying and market values as follows:

	<u>Reported Amount</u>	<u>Fair Value</u>
U.S. government obligations	\$23,367,611	\$23,555,602
Investments held by private foundation in external investment pool	<u>9,074,638</u>	<u>9,074,638</u>
Total	<u><u>\$32,442,249</u></u>	<u><u>\$32,630,240</u></u>

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

These investments are reported as follows:

Cash and cash equivalents	\$1,058,901
Investments	<u>31,383,348</u>
Total	<u><u>\$32,442,249</u></u>

The investments consisting of U.S. government obligations are issued in the name of the university and are held by the university or its agent in the university's name, which is considered to be Category A in applying the credit risk of GASB Codification Section 150.125. Investments held by the University of Louisiana at Lafayette Foundation in an external investment pool are managed in accordance with the terms outlined in a management agreement executed between the university and the foundation. The university is a voluntary participant. These investments totaling \$9,074,638 were not categorized. Certain investments in governmental agency obligations are reported at amortized cost as allowed by GASB Statement Number 31.

4. NOTES RECEIVABLE

Notes receivable in the Auxiliary Enterprise Fund represent promissory notes of six sororities to construct buildings on the university campus as follows:

Alpha Omicron Pi	\$30,095
Delta, Delta, Delta	30,095
Kappa Delta	30,095
Phi Mu	30,096
Sigma, Sigma, Sigma	30,096
Delta Sigma Theta	<u>20,808</u>
Total	<u><u>\$171,285</u></u>

Notes receivable within the student loan funds, as shown on Statement A, are as follows:

Perkins Loans	\$8,880,828
Nursing Loans	211,777
Student Loans	<u>28,943</u>
Total	<u><u>\$9,121,548</u></u>

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

5. PENSION PLANS

Plan Description. Substantially all employees of the university are members of two statewide, public employee retirement systems. Academic employees are generally members of the Louisiana Teachers Retirement System (TRS), and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446, and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

Funding Policy. The contribution requirements of employee plan members and the university are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8% (TRS) and 7.5% (LASERS) of covered salaries. The state is required to contribute 15.2% of covered salaries to TRS and 12.3% of covered salaries to LASERS. The university's employer contribution is funded by the State of Louisiana through the annual appropriation to the university. The university's employer contributions to TRS for the years ended June 30, 2000, 1999, and 1998, were \$2,725,240, \$3,089,741, and \$3,098,493, respectively, and to LASERS for the years ended June 30, 2000, 1999, and 1998, were \$1,926,700, \$1,807,924, and \$1,828,624, respectively, equal to the required contributions for each year.

6. OPTIONAL RETIREMENT SYSTEM

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid universities in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

Total contributions by the university are 15.2% of the covered payroll. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution as determined annually by the actuarial committee. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Benefits payable to participants are not the obligations of the State of Louisiana or the TRS. Such benefits and other rights of the optional retirement plan are the liability and responsibility solely of the designated company or companies to whom contributions have been made.

Employer and employee contributions to the optional retirement plan totaled \$2,780,549 and \$1,463,455, respectively, for the year ended June 30, 2000.

**7. POSTRETIREMENT HEALTH CARE
AND LIFE INSURANCE BENEFITS**

The university provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the university's employees become eligible for these benefits if they reach normal retirement age while working for the university. These benefits for retirees and similar benefits for active employees are provided through a state-operated group insurance program and various insurance companies whose monthly premiums are paid jointly by the employee and the university. The university recognizes the cost of providing these benefits to retirees (university's portion of premiums) as an expenditure when paid during the year. These retiree benefits totaled \$1,770,641 for the year ended June 30, 2000.

8. RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by General Fund appropriation. The university is involved in 26 lawsuits at June 30, 2000, in which the plaintiffs are seeking damages, all of which are handled by the Office of Risk Management.

9. COMPENSATED ABSENCES

At June 30, 2000, employees of the university have accumulated and vested \$6,048,337 of employee leave benefits, which was computed in accordance with GASB Codification Section C60 and is recorded in the accompanying financial statements.

10. LEASE OBLIGATIONS

The university does not have any capital or operating leases at June 30, 2000.

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

11. LONG-TERM DEBT

The university does not have any long-term debt at June 30, 2000.

12. PRIOR YEAR RESTATEMENT OF FUND BALANCE

As shown on Statement B, fund balance at the beginning of the year has been restated to reflect adjustments made by the university for compensated absences and construction in progress. The adjustments to the fund balance at the beginning of the year are summarized as follows:

	<u>Beginning Fund Equity</u>	<u>Compensated Absences</u>	<u>Construction in Progress</u>	<u>Beginning Fund Equity, Restated</u>
General Fund	\$108,884	(\$4,443,507)		(\$4,334,623)
Auxiliary Enterprises	5,359,358	(492,396)		4,866,962
Restricted Funds	20,888,350	(762,566)		20,125,784
Investment in Plant	185,733,312		\$12,095,221	197,828,533
Total	<u>\$212,089,904</u>	<u>(\$5,698,469)</u>	<u>\$12,095,221</u>	<u>\$218,486,656</u>

13. FUND EQUITY (Deficit)

As shown on Statement A, the General Fund has a deficit of \$4,600,918 as a result of accounting for compensated absences in accordance with GASB Codification Section C60. The deficit will be funded by future General Fund appropriations and other revenues.

14. STUDENT LOAN FUNDS

The fund balances of the student loan funds at June 30, 2000, are as follows:

Perkins Loans Fund	\$9,965,392
Nursing Loans Fund	360,976
Student Loans Fund	<u>612,308</u>
Total	<u>\$10,938,676</u>

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

15. ENDOWMENT FUNDS

The fund balances of the endowment funds at June 30, 2000, are as follows:

Endowment:	
Eminent Scholars - state share	\$3,510,910
Endowed Professorships - state share	4,126,996
Jefferson Caffery Endowment	14,123
Sadie Kahn Kapsinow Endowment	10,000
Subtotal	<u>7,662,029</u>
Quasi-endowment:	
Enhancement Endowment	4,227,699
Auxiliary Enterprise Endowment	1,493,326
Mineral Revenue Endowment	158,504
Subtotal	<u>5,879,529</u>
Total	<u><u>\$13,541,558</u></u>

16. PLANT FUNDS

The restricted fund balances of the unexpended plant funds at June 30, 2000, are as follows:

Building Use Fee Fund	\$2,680,861
Cajun Dome/Field	334,664
Mineral Lease	1,667
General Fund	<u>48,193</u>
Total	<u><u>\$3,065,385</u></u>

In August 1987, the Financial Accounting Standards Board (FASB) issued Statement No. 93, *Recognition of Depreciation by Not-for-Profit Organizations*, which requires not-for-profit organizations, including colleges and universities, to recognize depreciation of their long-lived tangible assets in their financial statements. In January 1988, the GASB issued Statement No. 8, which addresses the implementation of FASB Statement No. 93. Codification of Governmental Accounting and Financial Reporting Standards Section Co5.102 states that "Colleges and universities that follow the AICPA Industry Audit Guide, *Audits of Colleges and Universities*, should not change their accounting and reporting for depreciation of capital assets as a result of FASB Statement No. 93; the GASB has several projects under way that may affect that reporting." As reflected in note 1-D, depreciation is not currently recognized by the university.

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

A summary of changes in investments in plant follows:

	Balance July 1, 1999, restated	Additions	Deletions	Balance June 30, 2000
Land and improvements	\$12,493,963	\$78,000	\$422	\$12,571,541
Buildings	112,303,407	4,696,466	142,000	116,857,873
Equipment	45,933,620	4,614,696	1,971,879	48,576,437
Library books	26,924,495	1,265,361	51,160	28,138,696
Livestock	173,048	18,600	75,596	116,052
Total	<u>\$197,828,533</u>	<u>\$10,673,123</u>	<u>\$2,241,057</u>	<u>\$206,260,599</u>

Balances as of July 1, 1999, were restated by \$12,095,221 to include construction in progress.

In accordance with R.S. 39:321-332, the university has complied with the Louisiana movable property statutes.

17. AUXILIARY ENTERPRISES

The university maintains various auxiliary enterprise funds that provide services to the university community. Segment information for the year ended June 30, 2000, follows:

	Food Services	Housing	Bookstore	Student Center	Athletics	Swimming Pool	Others	Total
Net increase (decrease) in fund balances	\$438,565	(\$178,403)	\$198,438	(\$237,048)	\$502	(\$1,998,223)	(\$214,471)	(\$1,990,640)
Net income (loss)	438,565	14,125	198,438	(104,654)	502		(277,580)	269,396

The individual auxiliary enterprise funds of the university are operated as divisions within the System Fund. The present accounting system does not provide for individual accounting of balance sheet and fixed assets for each auxiliary. There is no outstanding debt. Additions to plant facilities made by the auxiliary enterprise funds are recorded as a part of the university's total institutional plant.

18. FOUNDATIONS

The accompanying financial statements do not include the accounts of the University of Louisiana at Lafayette Foundation, Incorporated. This foundation is a separate corporation whose financial statements are subject to audit by independent certified public accountants. The foundation has been audited for the year ended June 30, 2000.

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

The University of Louisiana at Lafayette has contracted with the University of Louisiana at Lafayette Foundation, Incorporated, to invest the university's eight Endowed Chairs for Eminent Scholars endowment funds and 96 Endowed Professorship Program endowment funds, which were created in accordance with R.S. 17:3384. The Endowed Chairs for Eminent Scholars endowment funds are established for \$1,000,000 each, with \$600,000 of private contributions and \$400,000 of state matching portion allocated by the Board of Regents for Higher Education, while the Endowed Professorship Program endowment funds are established for \$100,000 each, with \$60,000 of private contributions and \$40,000 of state matching portion allocated by the Board of Regents for Higher Education. The original endowment base totaled \$17,600,000. To protect against inflation, this amount has been increased in accordance with regulations of the Board of Regents for Higher Education, bringing the endowment base to \$19,094,767, stated at market value. During the year ended June 30, 2000, the foundation earned \$622,458 of interest income on these endowment funds. Of this interest earned, \$285,842 is due to unrealized gains as a result of valuing investments at market value at June 30, 2000. At June 30, 2000, the foundation held in custody \$22,686,598 of Endowed Chairs for Eminent Scholars and Endowed Professorship Program funds, of which \$1,575,023 and \$2,016,808 are available for expenditure, respectively.

19. RESTRICTED FUNDS

During the year ended June 30, 2000, the restricted funds received state appropriations totaling \$3,087,436 as follows:

Library and equipment acquisitions	\$1,346,945
Louisiana Productivity Center	778,044
New Iberia Research Center	368,178
Apparel Computer Integrated Manufacturing Center	419,269
Settlement Agreement	75,000
Micro-Business Development Center	<u>100,000</u>
Total	<u><u>\$3,087,436</u></u>

20. INTERAGENCY TRANSFERS

As reported on Statement B, transfers from the unexpended plant fund to the Office of Facility Planning and Control of \$3,921,663 were made during the year to finance renovation or construction projects as follows:

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Notes to the Financial Statements (Concluded)

Judice Hall	\$1,007,233
F. G. Mouton Hall	175,000
Abdalla Hall Apparel Center	741,207
Bourgeois Swimming Pool	<u>1,998,223</u>
Total	<u><u>\$3,921,663</u></u>

21. DEFERRED COMPENSATION PLAN

Certain employees of the University of Louisiana at Lafayette participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, P.O. Box 94397, Baton Rouge, Louisiana 70804-9397.

**UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
As of and for the Year Ended June 30, 2000**

INDIVIDUAL AGENCY FUND BALANCES

The following supplemental information schedule presents the Schedule of Individual Agency Fund Balances for amounts included in the totals presented on Statement A for the Agency Fund.

UNIVERSITY OF LOUISIANA AT LAFAYETTE
 STATE OF LOUISIANA
 AGENCY FUNDS

Schedule of Individual Agency Fund Balances
 For the Year Ended June 30, 2000

ACT residual testing	\$1
Alumni Association:	
Regular	239,843
Alumni fee (La Louisiane)	423
Aerobic center	369
Art and architecture student association	19,375
Art museum	22,962
Band association fee	14,227
Book southwestern review	5,315
Chemistry laboratory breakage deposit	9,967
Choreographic design perform	1,310
Club sports	6,503
Concert series	3,633
Debate team	9,382
Geology field trip	2,514
Graduate student organization	9,365
Health and physical education activity fee	9,344
International students testing	3,262
International student council	3,791
Intramural	32,379
Jazz studies	4,781
KRVS Radio Station:	
Regular	3,736
Reserves	75,871
L'Acadian Yearbook:	
Regular	5,151
Reserves	66,079
Lyceum fee	49,342
Motor development clinic	408
University of Louisiana:	
Opera	3,395
Percussion	1,488
Chorus	4,418
Orchestra	1,254
Symphony Orchestra	6,654
Police	7,936

(Continued)

UNIVERSITY OF LOUISIANA AT LAFAYETTE
 STATE OF LOUISIANA
 AGENCY FUNDS
 Schedule of Individual Agency Fund Balances, 2000

Student Government Association:

Day care center	\$28,971
Student entertainment	33,043
Legal assistance fees	8,886
Reserves	140,143
Scholarship	6,599
Endowed scholarships	31,296
Theatrics	8,517
<i>The Vermilion:</i>	
Regular	29,376
Reserves	39,370
Publication advisor	1,475
Cafeteria plan administration	59,043
Other deposits	<u>130,341</u>
Total	<u><u>\$1,141,538</u></u>

(Concluded)

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain our report on compliance with laws and regulations and on internal control as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
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November 30, 2000

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of the Financial Statements
Performed in Accordance With Government Auditing Standards

UNIVERSITY OF LOUISIANA AT LAFAYETTE
STATE OF LOUISIANA
Lafayette, Louisiana

We have audited the general purpose financial statements of the University of Louisiana at Lafayette, a component unit of the State of Louisiana, as of and for the year ended June 30, 2000, and have issued our report thereon dated November 30, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the University of Louisiana at Lafayette's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University of Louisiana at Lafayette's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

LEGISLATIVE AUDITOR

UNIVERSITY OF LOUISIANA AT LAFAYETTE

STATE OF LOUISIANA

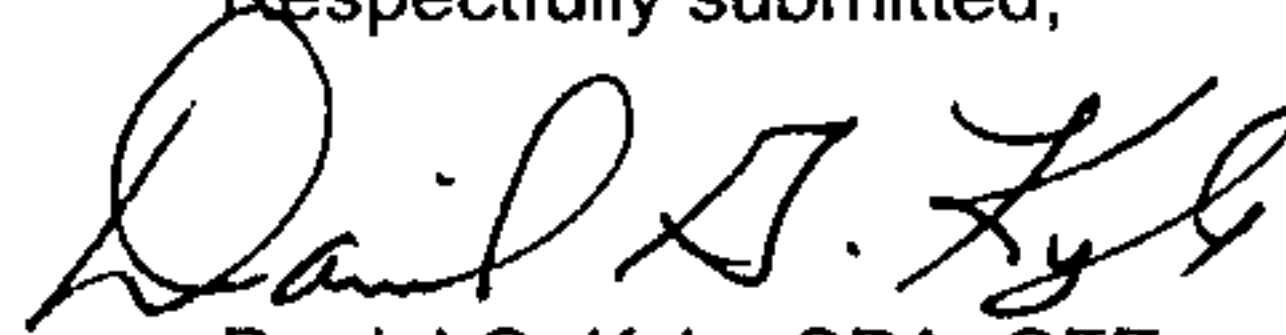
Compliance and Internal Control Report

November 30, 2000

Page 2

This report is intended solely for the information and use of the university and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with the first name "Daniel" being the most prominent.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DLC:BMcC:PEP:dl

[ULL]